

Item # _____

Moved by: _____

Prepared by: Dottie Jones

Seconded by: _____

Approved by: Thomas Williams
Assistant County Attorney

Sponsored by Steve Mulroy

A Resolution by The Board of Commissioners of Shelby County, Tennessee, requesting The Shelby County Delegation to support, and members of The Tennessee General Assembly to enact, legislation amending Tennessee Code Annotated, Title 67, Chapter 5, Section 2504, relative to tax sales and the invalidation or rescission of certain sales. Sponsored by Commissioner Steve Mulroy.

WHEREAS, Vacant and abandoned properties have become a huge problem and negatively affect every district and neighborhood in Shelby County, and both news stories and national studies continue to confirm that vacant and abandoned properties are a serious issue impacting neighborhoods all across America; and

WHEREAS, Plots of land overrun with high weeds, litter, and an occasional hollowed out structure are tragic cornerstones of community blight; and

WHEREAS, Vacant and abandoned properties tend to lower property values and present public safety and environmental hazards; and

WHEREAS, In Tennessee, many abandoned and vacant properties start out as tax-delinquent properties owned by private owners; and

WHEREAS, Shelby County currently owns about 3,300 tax delinquent properties and will acquire another 700 of these properties in 2010; and

WHEREAS, When there are vacant and abandoned properties in communities, neighboring property owners and the municipalities incur significant costs; and

WHEREAS, When property owners abandon their properties, the local municipality must use its own resources to clean and maintain the properties as part of

their nuisance abatement responsibilities to protect the public health, safety, and welfare of its community; and

WHEREAS, the epidemic of urban blight and decay afflicting many of our communities has created an environment in which crime and despair flourishes; and

WHEREAS, it is in the best interest of the state of Tennessee to reduce government expenses associated with encumbered real property located in such blighted urban areas; and

WHEREAS, this reduction in public expenses can be accomplished by selling such encumbered real property, which is often vacant or abandoned, or both, but prospective purchasers risk rescission of tax sale properties due to insufficient notice or the interest of all owners may not be discovered in the tax sale title search, and

WHEREAS, the resolution of what damages or value may be awarded to those holding an equitable interest in tax sale properties, but who after search and inquiry, were not properly notified of the tax sale would foster and encourage prospective purchasers to buy and possibly develop these properties placing them back on the tax rolls ; and

WHEREAS, Shelby County is committed to promoting public health, safety, and welfare and to expedite urban renewal and economic development; and

WHEREAS, the Board of County Commissioners of Shelby County, Tennessee, believes that it is appropriate that a resolution be passed requesting the Tennessee

General Assembly to amend Tennessee Code Annotated, Title 67, Chapter 5, Section 2504 relative to invalidation of tax sales and specifying the actions and proceedings.

NOW, THEREFORE, BE IT RESOLVED BY THE BOARD OF COMMISSIONERS OF SHELBY COUNTY, TENNESSEE, that this Board, after careful consideration, hereby requests the Shelby County Legislative Delegation to support, and members of the Tennessee General Assembly to enact, legislation amending Tennessee Code Annotated, Title 67, Chapter 5, Section 2504, a copy of which is attached hereto and incorporated herein by reference, amending Tennessee Code Annotated, relative to invalidation of tax sales and the damages that may be awarded.

BE IT FURTHER RESOLVED, that the Shelby County Legislative Delegation and the members of the Tennessee General Assembly be made aware of the request by copy of this resolution.

BE IT FURTHER RESOLVED, that this resolution shall take effect immediately, the public welfare requiring the same.

Joyce Avery, County Mayor

Date: _____

ATTEST:

Clerk of County Commission

ADOPTED: _____

SUMMARY SHEET

I. Description of Item

Resolution requesting members of the Tennessee General Assembly to support legislation amending Tennessee Code Annotated, Title 67, Chapter 5, Section 2504, relative to tax sales and the invalidation or rescission of certain sales.

Vacant and abandoned properties have become a huge problem and negatively affect every district and neighborhood in Shelby County. News stories and national studies continue to confirm that vacant and abandoned properties are a serious issue impacting neighborhoods all across America. Plots of land overrun with high weeds, litter, and an occasional hollowed out structure are tragic cornerstones of community blight. Vacant and abandoned properties tend to lower property values and present public safety and environmental hazards. In Tennessee, many abandoned and vacant properties start out as tax-delinquent properties owned by private owners. Shelby County currently owns about 3,300 tax delinquent properties and will acquire another 700 of these properties in 2010. When there are vacant and abandoned properties in communities, neighboring property owners and the municipalities incur significant costs. When property owners abandon their properties, the local municipality must use its own resources to clean and maintain the properties as part of their nuisance abatement responsibilities to protect the public health, safety, and welfare of its community. The epidemic of urban blight and decay afflicting many of our communities has created an environment in which crime and despair flourishes. It is in the best interest of the state of Tennessee to reduce government expenses associated with encumbered real property located in such blighted urban areas. This reduction in public expenses can be accomplished by selling such encumbered real property, which is often vacant or abandoned, or both, but prospective purchasers risk rescission of tax sale properties due to insufficient notice or the interest of all owners may not be discovered in the tax sale title search. The resolution of what damages or value may be awarded to those holding an equitable interest in tax sale properties, but who after search and inquiry, were not properly notified of the tax sale would foster and encourage prospective purchasers to buy and possible develop these properties placing them back on the tax rolls.

II. Source and Amount of Funding

Not applicable.

III. Contract Items

Not applicable.

IV. Additional Information Relevant to Approval of this Item

Text of proposed legislation is attached.

ATTACHMENTS--PRESENT LAW

§ 67-5-2504. Actions and proceedings

(a)(1) Any person who buys real estate sold for delinquent taxes that were a lien thereon, and who shall for any cause fail to get a good title or to recover possession of the realty, shall be subrogated to all liens that secured the taxes, and all interest, costs, penalties and fees; and such person shall have the right to enforce the same in chancery for the reimbursement of the purchase money paid by such person and interest thereon.

(2) The chancery court shall have jurisdiction, in such case, though the amount sued for be less than fifty dollars (\$50.00).

(b) A tax deed of conveyance shall be an assurance of perfect title to the purchaser of such land, and no such conveyance shall be invalidated in any court, except by proof that the land was not liable to sale for taxes, or that the taxes for which the land was sold have been paid before the sale; and if any part of the taxes for which the land was sold is illegal or not chargeable against it, but a part is chargeable, that shall not affect the sale, nor invalidate the conveyance thereunder, unless it appears that before the sale the amount legally chargeable against the land was paid or tendered to the county trustee, and no other objection either in form or substance to the sale or the title thereunder shall avail in any controversy involving them.

(c) No suit shall be commenced in any court of the state to invalidate any tax title to land until the party suing shall have paid or tendered to the clerk of the court where the suit is brought the amount of the bid and all taxes subsequently accrued, with interest and charges as provided in this part.

(d) No suit shall be commenced in any court of the state to invalidate any tax title to land after three (3) years from the time the land was sold for taxes, except in case of persons under disability, who shall have one (1) year in which to bring suit after such disability is removed. This subsection (d) shall not be construed to prevent or delay issuance of an order quieting title to land at the suit of a delinquent tax sale purchaser. After expiration of the period of redemption provided in § 67-5-2702, the delinquent tax sale purchaser may file suit to quiet title, notwithstanding the deadline for tax sale challenges provided in this subsection (d).

(e) In all cases where the state is not the holder of the legal title to the property bought by it at a tax sale for delinquent state and county taxes, any person desiring to attack the validity of such tax sale may do so by making only the holder of the legal or equitable title thereto and those persons claiming through such holder who are parties to such suit, and it shall not be necessary to make the state a party thereto.

T. C. A. § 67-5-2504